

India Newsletter

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Introduction

The India–Japan partnership continues to evolve with renewed momentum through the latter half of 2025, underpinned by shared strategic priorities and a commitment to resilient economic cooperation. Over the past quarter, both nations have advanced collaboration in critical technologies, supply chain diversification, and infrastructure connectivity across the Indo-Pacific. The bilateral framework is also witnessing deeper engagement in clean energy, semiconductor manufacturing, and digital transformation, areas central to both countries' long-term growth strategies. The Government of India has recently announced incentives to promote the shipbuilding sector, creating a promising avenue for synergistic collaboration between India and Japan, with Japanese companies being global leaders in ship design, construction, and marine technology.

Japan's continued participation in India's manufacturing and financial sectors has remained a key driver of bilateral investment, with Japanese corporations expanding presence across mobility, electronics, and green finance. Simultaneously, India's regulatory reforms and sustained economic performance have reinforced investor confidence, paving the way for greater cross-border capital flows and partnerships.

As global economic conditions remain uncertain, the India–Japan relationship stands out as a model of pragmatic cooperation and shared strategic vision. In this newsletter, we highlight key legal and regulatory developments in India over recent months.

主なアップデートの概要



セクション A: セクター別アップデート

電力省、中小零細・中小企業の省エネ技術導入を支援する制度を開始

電力省は、中小零細・中小企業（MSME）による省エネルギー技術の採用を、資金支援と技術支援を通じて後押しする「Assistance in Deploying Energy Efficient Technologies in Industries & Establishments（産業・事業所における省エネ技術導入支援）」制度を開始した。エネルギー効率局（Bureau of Energy Efficiency）が実施主体となり、総額1億1,300万米ドルの制度のもと、補助的な融資や主要産業クラスターでの段階的導入を提供し、持続可能な生産の促進を図る。

電力省、エネルギー貯蔵システムに関する規則を通知

電力省は、「Electricity (Amendment) Rules, 2025（電気（改正）規則、2025年）」を通知し、エネルギー貯蔵システムの開発・運用の適格者を最終需要家まで拡大した。改正により、消費者や第三者へのエネルギー貯蔵サービスの販売も可能となり、再生可能エネルギー貯蔵の柔軟性と市場参加が強化される。

道路交通省、自動車配車プラットフォーム事業者に関する改定ガイドラインを発出

道路交通省は、配車プラットフォーム事業者（モーター・ビークル・アグリゲーター）を規律する改訂ガイドラインを発出し、ライセンス基準、運賃管理、安全基準を

強化した。新たな枠組みでは、ドライバーの必須研修、ライセンス停止の上限設定、EV化と包括性の推進が盛り込まれた。

重工業省、トラック向け「PM E-DRIVE制度」のガイドラインを通知

重工業省は、「PM E-DRIVE」制度の下でN2（車両総重量3.5トン超～12トン以下）およびN3（車両総重量12トン超）カテゴリーのEVトラックに対する需要インセンティブのガイドラインを通知した。今回のインセンティブは約5,600台のEVトラック配備を支援することを目的とし、工場出荷価格の10%または最大10,913米ドルのいずれか低い方を上限としている。インセンティブの適用には有効な車両スクラップ証明書の提出が必須だ。

セクション B: 一般的アップデート

インド証券取引委員会、「従業員持株等・スウェット・エクイティ規則、2021」の改正を実施

SEBI（インド証券取引委員会）は、会社の目論見書（案）においてプロモーターまたはプロモーター・グループの構成員として特定された者について、提出の少なくとも1年前に付与されたストック・オプション、株価連動型報酬（SAR）その他の給付を保持することを認めるよう、「Share Based Employee Benefits and Sweat Equity規則 2021」を改正した。

インド証券取引委員会、「資本・開示要件規則、2018」の改正を実施。

SEBI（インド証券取引委員会）は、広範なステークホルダー区分にわたり有価証券のデマテリアライゼーション（有価証券の電子記録への書き換え）を義務化した。また、IPO（株式公開）免除のための保有期間要件の対象に、承認済みスキームに基づき取得した完全払込の強制転換証券の転換によって発生する株式を含めるよう拡張した。さらに、ソーシャル・ストック・エクスチェンジ（BSE・NSE）に上場する非営利組織に対し、登録から2年以内の資金調達を義務付け、未達の場合は登録取消の対象とした。

代替投資ファンド（AIF）規則2012、に基づくAIF向け「共同投資」枠組みを導入

SEBI（インド証券取引委員会）は認定投資家が専用の共同投資スキームを通じて参加できる共同投資枠組みを導入し、ガバナンスを強化した。あわせてエンジェルファンドの規律を改定し、カテゴリIおよびIIの認定投資家に限定した。さらに、共同投資が投資先企業からエグジットした時点で、当該共同投資スキームを清算しなければならないことを明記した。

決済アグリゲーター規制に関する規範を統合・標準化

RBI（インド準備銀行）の通達によると、マスター・ディレクション「Master Direction on Regulation of Payment Aggregators, 2025」は、オンライン、実店舗、越境取引における決済アグリゲーターの規範を統合・標準化するために発出された。これにより、資本要件および認可要件は一段と厳格化され、「中央KYC記録レジストリ」の活用が義務付けられることとなる。さらに、加盟店オンボーディングに関する遵守期限が設定され、マーケットプレイス型決済の区分が明確化され、資金の分別管理が求められることで、監督は強化されることとなる。

RBIによるデジタル決済取引における認証メカニズムに関する通達

RBI（インド準備銀行）は、「RBI (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025」を発出し、すべてのデジタル取引に対して少なくとも二要素認証（2FA）を義務付けることで、デジタル決済の安全性の強化を行った。本指令では、生体認証や動的認証方式を導入し、取引のセキュリティ向上と不正リスクの低減を図っている。

ドラウパディ・ムルム大統領によって「所得税法・2025」が新たに制定

新たに制定された「所得税法・2025」は、インドの税制を簡素化するものであり、諸規定の統合と条文数の削減により明確性を高めている。加えて、統一的な「課税年度」制度を導入し、デジタル・ファーストのコンプライアンスおよび紛争解決手続の効率化を図っている。

中央政府、物品・サービス税（GST）の改革

中央政府は、これまでの4段階あった物品・サービス税（GST）の税率体系を簡素化し、5%と18%の2段階構造に再編した。さらに、一部の嗜好品・有害品目には特別税率として40%の適用となった。これらの改革は、税務コンプライアンスの効率化と事業環境の改善を目的としている。

企業省による迅速審査合併（ファストトラック・マージャー）の適用範囲が拡大

企業省は、限定的な負債を有する非上場会社および社内グループ子会社を適格対象に加えることで、ファストトラック・マージャーの適用範囲を拡大した。これにより、企業再編における手続期間の短縮と規制負担の軽減が期待されている。

Summary of Key Updates



Part A: Sectoral updates

Launch of scheme to support micro, small and medium enterprises in adopting energy-efficient technologies

Ministry of Power launched the 'Assistance in Deploying Energy Efficient Technologies in Industries & Establishments' scheme to assist MSMEs in adopting energy-efficient technologies through financial aid and technical support. Implemented by the Bureau of Energy Efficiency, the USD 113 million scheme offers subsidised loans and phased implementation across key industrial clusters to promote sustainable production.

Ministry of Power notified rules on energy storage systems

Ministry of Power notified the Electricity (Amendment) Rules, 2025 to expand eligibility for developing and operating energy storage systems to include end-use consumers. The amendments also allow sale of energy storage services to consumers and third parties, enhancing flexibility and market participation in renewable energy storage.

Revised motor vehicle aggregator guidelines

Ministry of Road Transport and Highways issued revised guidelines regulating motor vehicle aggregators, tightening licence norms, fare controls, and safety standards. The new framework introduces mandatory driver training, limits licence suspension, and promotes electrification and inclusivity within aggregator fleets.

Ministry PM E-Drive scheme for trucks notified

The Ministry of Heavy Industries has notified guidelines under the 'PM E-DRIVE' scheme introducing demand incentives for electric trucks across the 'N2' and 'N3' categories, aiming to support the deployment of about 5,600 electric trucks. Incentives will be capped at 10% of the ex-factory price or up to USD 10,913, depending on weight, and will be available only upon submission of a valid vehicle scrappage certificate.

Part B: General updates

SEBI amended (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

SEBI now permits promoters identified as promoters or members of the promoter group in the company's draft offer document to retain existing stock options, stock appreciation rights, or any other benefits under schemes granted at least one year before filing.

SEBI amended (Issue of Capital and Disclosure Requirements) Regulations, 2018

SEBI has now mandated dematerialisation of securities across broader stakeholder categories, extended the holding period for initial public offer exemption to include shares arising from the conversion of fully paid-up compulsorily convertible securities acquired under an approved scheme, and mandates non-profit organisations on social stock exchanges to raise funds within two years of registration or face cancellation.

Co-investment framework for alternative investment funds under (Alternative Investment Funds) Regulations, 2012

SEBI introduced a co-investment framework allowing accredited investors to participate through dedicated co-investment schemes, strengthened governance, and revised angel fund norms to permit only accredited investors from category I and II, and specified that a co-investment scheme must be wound up upon exit of co-investment exits investee company.

Master Direction on Regulation of Payment Aggregator

RBI's Master Direction on Regulation of Payment Aggregators, 2025, consolidates and standardises norms for online, physical, and cross-border payment aggregators. It introduces stricter capital and authorisation requirements, mandates the 'Central Know Your Customer Records Registry, sets compliance timelines for merchant onboarding, and strengthens oversight through clearer categorisation and ring-fencing of marketplace payments.

RBI (Authentication mechanisms for digital payment transactions) Directions, 2025

The RBI issued RBI (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025 enhancing the digital payment security with at least

two-factor authentication for all digital transactions, incorporating biometrics and dynamic authentication methods to enhance transaction security and reduce fraud risk.

President gave assent to Income-tax Act, 2025

The newly enacted Income-tax Act, 2025 simplifies India's tax structure, consolidating provisions and reducing sections for clarity. It introduces a unified 'tax year' system, digital-first compliance, and streamlined dispute resolution mechanisms.

Goods and Services Tax reforms

Government of India introduced major GST reforms reducing the four-tier rate system to a simplified two-tier structure of 5% and 18%, with a special 40% rate for selected demerit goods, aiming to streamline compliance and enhance ease of doing business.

Ministry of Corporate Affairs expanded scope of fast-track mergers

Ministry of Corporate Affairs expanded eligibility for fast-track mergers to include unlisted companies with limited debt and intra-group subsidiaries, easing timelines and reducing regulatory burden for corporate restructurings.



Part A: Sectoral Updates



Energy

Scheme to support MSMEs in adopting energy-efficient technologies

The Ministry of Power (MoP) launched the Assistance in Deploying Energy Efficient Technologies in Industries & Establishments (ADEETIE) scheme to support micro, small and medium enterprises (MSMEs) in adopting energy efficient and cleaner technologies with a proven potential to save at least 10% (ten per cent) of energy by offering them financial and technical support.¹ Key features of the scheme are as follows:

- i **Total outlay:** The scheme has a total outlay of approximately USD 113 million which will be implemented by the Bureau of Energy Efficiency (BEE) over 3 (three) years until 2027-28. According to the BEE, mobilization of approximately USD 1 billion in investments is expected, including approximately USD 766 millions of prospective lending from MSMEs.
- ii **Interest subsidy:** ADEETIE will offer loans at a subsidised rate to MSMEs for adopting energy efficient technologies, with the government covering part of the interest. The scheme provides an interest subsidy set at 5% (five per cent) for micro and small enterprises, and 3% (three per cent) for medium enterprises. Projects that achieve a minimum 10%

(ten per cent) energy savings and sustain it during the scheme period will only be eligible to receive annual interest subvention.

- iii **Project planning support:** The scheme will provide technical support to MSMEs to prepare detailed project reports and conduct investment grade energy audits. This helps assess their energy needs, identify suitable technology, and estimate costs. The scheme also includes support for post implementation monitoring and verification of the new technology.
- iv **Phased implementation:** The scheme will follow a phased roll-out. In the first phase, the scheme will be rolled out in 60 (sixty) identified clusters in energy intensive sectors including pharmaceutical, foundry, glass and refractory, food processing, ceramics etc., and the second phase will cover 100 (one hundred) clusters.

Changes to Environment (Protection) Rules 2025 relating to thermal power plant emission standards notified by MoEFCC

On July 11, 2025, the Ministry of Environment, Forest and Climate Change (MoEFCC) notified the Environment (Protection) Fourth Amendment Rules, 2025 (2025 Rules).² The Environment (Protection) Rules, 1986 (Principal Rules) have been amended from time to time by the MoEFCC to prescribe revised timelines for

1. Ministry of Power, Operational Guidelines of ADEETIE (Assistance for Deploying Energy Efficient Technologies in Industries and Establishments), available at <https://www.adeetie.beeindia.gov.in/>, last accessed September 06, 2025.

2. Ministry of Environment, Forest and Climate Change, Environment (Protection) Fourth Amendment Rules, 2025, dated July 11, 2025, available at <https://egazette.gov.in/WriteReadData/2025/264545.pdf>, last accessed September 06, 2025.

thermal power plants (TPPs) to comply with the emission standards for pollutants pertaining to sulphur dioxide (SO₂) which were originally notified by the central government by its notification dated December 7, 2015. The 2025 Rules specify the deadlines and requirements for complying with the SO₂ emission standards for coal and lignite based thermal power plants. Key features are as follows:

- i **Categorisation of power plants:** The 2025 Rules categorise TPPs located within a 10 (ten) km radius of the national capital region or cities having a million plus population as category 'A', within a 10 (ten) km radius of critically polluted areas (areas where the pollution level is more than 70% (seventy per cent) or non-attainment cities (cities which exceed the National Ambient Air Quality Standards (NAAQS) for 5 (five) consecutive years) as category 'B' and the remaining as category 'C'.
- ii **Compliance for different power plants:** Earlier, existing and proposed power plants under category 'B' were required to comply with SO₂ emission standards by December 31, 2028. Under 2025 Rules, this will be decided on a case-to-case basis. Category 'C' thermal power plants are exempt from complying with SO₂ emission standards so long as such category 'C' plants adhere to the stack height requirements and ensure such compliance by December 31, 2029.
- iii **Penalty for non-compliance:** Plants not compliant with the timeline specified in the rules shall be liable for an environment compensation starting with USD 0.0023/unit and increasing to USD 0.0045/unit for non-compliance for a period of 366 (three hundred and sixty-six) days and beyond.

Rules for recycling of non-ferrous metal scraps notified by MoEFCC

The MoEFCC, on July 01, 2025, notified Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2025 (Hazardous Waste Rules) under the Environment (Protection) Act, 1986.³ The Hazardous Waste Rules regulate the recycling of non-ferrous metal scraps. Key features are as follows:

- i **Extended producer responsibility:** Producers of non-ferrous metal products must meet recycling targets based on production volume and product lifespan, as set by the Central Pollution Control Board (CPCB). They can fulfil obligations by purchasing extended producer responsibility (EPR) certificates from registered recyclers, with certificates issued based on recycled quantities. The government may set up platforms for certificate trading, and refurbishing products can defer up to 75% (seventy-five per cent) of the recycling EPR requirement.
- ii **Obligations of stakeholders:** Bulk consumers, entities including e-retailers, using at least 1000 (one thousand) tons of non-ferrous metal products (as listed under rules) at any point in a financial year, will set up collection points for agents to collect scrap. The collection agents will collect scrap from manufacturers, producers, and bulk consumers, and supply to the registered recyclers and all the stakeholders will be required to file quarterly and annual reports.

National Policy on Geothermal Energy

The Ministry of New and Renewable Energy (MNRE), on September 15, 2025, notified the National Policy on Geothermal Energy (NPGE).⁴ The NPGE aims to facilitate the exploration, development, and utilisation of geothermal energy in the country and covers both power generation and direct-use applications such as ground source heat pumps, cold storage, and district heating. Key features of the NPGE include:

- i **Purpose:** To facilitate joint ventures between oil, gas, and mineral companies to support development of such projects.
- ii **Regulatory mechanism:** Development of single-window mechanism and designation of nodal agencies to facilitate the provision of governmental clearances and land leases. The NPGE also envisages allocation of geothermal sites by state governments for exploration for 3 (three) years with a provision for an extension of 2 (two) years with a further extension of 2 (two) years for geothermal projects in high altitude areas. Sites may be allocated for development for power generation or direct-use applications for up to 30 (thirty) years.

3. Ministry of Environment, Forest and Climate Change, Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2025, dated July 01, 2025, available at <https://moef.gov.in/storage/tender/1751520898.pdf>, last accessed 06 September, 2025.

4. Ministry of New & Renewable Energy, *National Policy on Geothermal Energy*, Notification No. 300/4/2024 – MNRE (15 September 2025), available at <https://cdnbbsr.s3.waas.gov.in/s3716e1b8c6cd17b771da77391355749f3/uploads/2025/09/202509152136711668.pdf>, last accessed 04 October 2025.

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- iii **Financial support:** The NPGE envisages the provision of financial support to geothermal research projects under the 'Renewable Energy Research and Technology Development Programme' of the MNRE along with providing other benefits such as concessional loans, import duty exemptions on geothermal equipment, and property tax exemptions for geothermal users.
 - iv **Capacity building:** The NPGE envisages establishment of 'Centres of Excellence in Geothermal Energy' for technical support, capacity building, and implementation of geothermal projects.

Rules on energy storage systems amended

The Ministry of Power, on September 19, 2025, notified the Electricity (Amendment) Rules, 2025 (Amended Rules), bringing in certain amendments to rule 18 of the Electricity Rules, 2005 (Electricity Rules) which provides the regulatory framework governing energy storage systems (ESS).⁵ ESS refers to system used for storing available energy from renewed energy sources which can be used later (for instance during peak hours).⁶ Key amendments to the rules include:

- i **Eligible entities:** The Electricity Rules only permitted the following specified entities to develop, own, lease, or operate ESSs: (a) electricity generation companies; (b) transmission or distribution licensees; (c) system operators; and (d) independent energy storage service providers. The Amended Rules also include end use consumers to the list of eligible entities.
- ii **Sale of energy storage services:** Previously, owners or developers of ESS could sell energy storage services to: (a) a utility engaged in generation, transmission, and distribution; and (b) 'Load Despatch Centre'.⁷ The Amended Rules have expanded the list to include end use consumers or any other persons.

Automobile

GoI released revised guidelines for motor vehicle aggregators

The Ministry of Road Transport and Highways (MoRTH), on July 01, 2025, released the revised Motor Vehicle Aggregator Guidelines, 2025 (Revised Guidelines) replacing the guidelines issued by MoRTH in the year 2020.⁸ The Revised Guidelines provide for a licencing system for motor vehicle aggregators (digital intermediaries or marketplaces for a passenger to connect with a driver for the purpose of transportation) and specify their responsibilities. Key features are as follows:

- i **Licencing of aggregators:** The Revised Guidelines reduces the maximum period of suspension for an aggregator's licence from 6 (six) months to 3 (three) months and provides for cancellation of licence if the aggregator has faced a licence suspension and has committed another infraction within 3 (three) financial years. Earlier, a licence could be cancelled in case of more than 3 (three) suspensions within 1 (one) financial year.
- ii **Obligations of aggregators:** Aggregators must conduct psychological and medical assessments for drivers, provide 40+ (forty plus) hours of induction and sensitivity training, annually increase driver insurance as per government rates, and ensure a minimum passenger insurance cover of approximately USD 5,684.
- iii **Fare regulation:** Rates notified by the state government for different classes of vehicles will serve as the base fare for aggregators. Aggregators may charge a minimum of 50% (fifty per cent) of base fare. Earlier, dynamic pricing was capped at 1.5 (one point five) times the base fare which is increased to twice the base fare by the Revised Guidelines.

5. Ministry of Power, Electricity (Amendment) Rules, 2025, dated September 19, 2025, available at https://powermin.gov.in/sites/default/files/webform/notices/Electricity_Amendment_Rules_2025.pdf, last accessed October 04, 2025.

6. Ministry of New and Renewable Energy, Energy Storage Systems (ESS) Overview, available at <https://mnre.gov.in/en/energy-storage-systemsess-overview/>, last accessed October 04, 2025.

7. As defined under Electricity Act, 2003, Load Despatch Centres are responsible for optimum scheduling and despatch of electricity.

8. Ministry of Road Transport and Highways, Motor Vehicle Aggregator Guidelines, 2025, dated July 01, 2025, https://morth.nic.in/sites/default/files/circulars_document/MV-Aggregators-Guidelines-2025%20-%20English%20and%20Hindi.pdf, last accessed July 31, 2025.

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- iv **Fleet management:** Under the Revised Guidelines aggregators cannot on-board vehicles older than 8 (eight) years. The state government may also direct aggregators to: (a) increase the share of electric, alternate fuel, or zero emission vehicles in their fleet on an annual basis; and (b) include certain proportion of vehicles compatible for individuals with disabilities, *Divyangjan*-friendly vehicles. Motor vehicle aggregators are required to maintain compatibility for passengers with disabilities.

Guidelines on trucks under the PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM EDRIVE) scheme notified

The Ministry of Heavy Industries (MHI), on July 10, 2025, notified details on demand incentives for the electronic trucks (E-Trucks) segment of the PM EDRIVE scheme.⁹ The notification outlines comprehensive eligibility criteria, demand incentives and phased manufacturing requirements specifically applicable to electric trucks. Key features are as follows:

- i **Applicability:** The incentives will be extended to the following categories of E-Trucks: (a) trucks with gross vehicle weight between 3.5 (three point five) and 12 (twelve) tonnes (N2 category); and (b) trucks with gross vehicle weight between 12 (twelve) and 55 (fifty-five) tonnes (N3 category). The scheme aims to support the deployment of around 5,600 (five thousand and six hundred) E-Trucks.
- ii **Incentive structure:** Incentives to be lower of: (a) USD 5,684 per kilowatt-hour of rated battery capacity; (b) 10% (ten per cent) of ex-factory price; or (c) maximum incentive range is between approximately USD 3,069 to approximately USD 10,913, depending on the gross vehicle weight spread across the 2 (two) categories.

- iii **Mandatory vehicles scrappage:** The incentives will be provided only against furnishing certificate of deposit (scrapping certificate) issued by MoRTH authorised registered vehicle scrapping facility.

Tenure of PM-EDRIVE Scheme extended

On August 08, 2025, the MHI announced the extension of the PM EDRIVE scheme from 2 (two) years to 4 (four) years. Originally notified in 2024 with an outlay of approximately USD 1.3 billion for a 2 (two) year period, the scheme will now be implemented until March 31, 2028 within the same outlay.¹⁰ However, the last date for registered electronic 2 (two) wheelers (E-2W), registered electronic rickshaws & electronic carts, and registered electronic 3 (three) wheelers (E-3W) (L5 category) remain March 31, 2026.

A brief summary of the PM EDRIVE Scheme is available in the previous edition of the newsletter, available at <https://induslaw.com/publications/pdf/alerts-2024/japan-newsletter-july-to-september-2024.pdf>

Food Processing

FSSAI launched specialized licensing and registration window for Ayurveda Aahar

On September 25, 2025, the Food Safety and Standard Authority of India (FSSAI) introduced a specialised licensing and registration window for 'Ayurveda Aahara' products via its Food Safety Compliance System (FoSCoS) portal.¹¹ As per the FSSAI, the revised license application framework is intended to formalize and streamline the sector and bring traditional ayurvedic food preparations within a regulated, quality-compliant structure. As part of this initiative, the FSSAI has already issued a list of 91 (ninety-one) approved 'Ayurveda Aahara' recipes, providing manufacturers clarity on acceptable formulations.

9. Ministry of Heavy Industries, dated July 10, 2025, Notification under PM-EDRIVE Scheme, dated July 10, 2025, available at https://pmedrive.heavyindustries.gov.in/docs/policy_document/Gazette%2064519-E-Trucks%20dated%2010.07.2025.pdf, last accessed July 31, 2025.

10. Ministry of Heavy Industries, The Ministry of Heavy Industries extends the tenure of the PM-EDRIVE Scheme by 2 years from March 31, 2026 to March 31, 2028, dated August 08, 2025, available at https://pmedrive.heavyindustries.gov.in/docs/policy_document/Extension%20of%20Scheme%20till%2031%2003%202028%20dated%2007%2008%202025.pdf, last accessed August 31, 2025.

11. Food Safety and Standards Authority of India, "FSSAI enables licensing/registration of Ayurveda Aahara products through FoSCoS," Press Information Bureau, dated September 25, 2025, available at <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2171329>, last accessed October 4, 2025.

Part B: General Updates



Securities and Exchange Board of India (SEBI)

Amendments to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SBEB Regulations)

On September 08, 2025, SEBI has amended the SBEB Regulations by way of the SEBI (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025.¹² Earlier, the SBEB Regulations did not permit the issuance of employee stock options to promoters, and promoters who are often founders of to-be listed companies were required to forfeit any stock options granted to them. Pursuant to the amendment, SEBI has introduced regulation 9A to the SEBI SBEB Regulations, which allows employees of a company who are identified as promoters or members of the promoter group in the company's draft offer document filed by the company in relation to an initial public offering to continue to hold options, stock appreciation rights or any other benefits under any schemes, that were granted at least 1 (one) year prior to the filing of the draft offer document.

Amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations)

On September 09, 2025, SEBI introduced significant changes to the ICDR Regulations, by way of SEBI (Issue

of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025.¹³ Key highlights of the amendments are as follows:

- i **Dematerialisation of shares:** Previously, the ICDR Regulations required that only the specified securities held by the promoters of a company were required to be dematerialised before filing the offer document for an initial public offer (IPO). The amendment now mandates that securities held by promoters, promoter group members, selling shareholders, directors, key managerial personnel, senior management, qualified institutional buyers, employees (including those of the issuer's holding, subsidiary or associate companies working exclusively in India), shareholders with superior voting rights, entities regulated by financial sector regulators or any categories of shareholders as maybe specified by the Securities and Exchange Board of India from time to time must be dematerialised before filing the draft offer document. A similar amendment has also been made to the framework for IPOs by small and medium enterprises.
- ii **Holding period requirement in offer for sale:** Regulation 8 of the ICDR Regulations requires that shares proposed to be offered for sale in an IPO must have been held by the selling shareholders for a minimum period of 1 (one) year prior to the filing of the draft offer document. Earlier, an exemption was available for equity shares acquired under a scheme approved by a high court, tribunal, or the

12. Securities and Exchange Board of India, SEBI (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025, dated September 08, 2025, available at https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-share-based-employee-benefits-and-sweat-equity-amendment-regulations-2025_96476.html, last accessed September 30, 2025.

13. Securities and Exchange Board of India, SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025, dated September 09, 2025, available at https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2025_96524.html, last accessed September 30, 2025.

central government, in exchange for business or invested capital that had been in existence for more than 1 (one) year prior to such approval. Pursuant to the recent amendment, this exemption has been extended to also include equity shares arising from the conversion of fully paid-up compulsorily convertible securities acquired under an approved scheme. This amendment has also been introduced for the offer for sale component of further public offers.

iii **Disclosure for a qualified institutions**

placement (QIP): The amendments to the schedule VII of the ICDR Regulations aim to rationalize and streamline disclosure requirements by removing duplicative and overly detailed information. Key changes include replacing the requirement to reproduce full financial information of the issuer with a summary of key financial data from the last three audited balance sheets, requiring only a brief description of the issuer's primary business and industry, and simplifying disclosures relating to directors and key managerial personnel. The management, discussion and analysis (MD&A) section has been omitted and detailed 'risk factors' section has been replaced with risk in relations to issue and objects of the issue and risk material to the issuer and its business. Overall, the revised framework reflects SEBI's intent to make QIP documentation more concise, relevant, and investor-focused, consistent with global institutional offering practices.

iv **Minimum promoter contribution (MPC):**

Regulation 15 of the ICDR Regulations stipulate that the MPC cannot include shares acquired during the preceding 1 (one) year at a price lower than the IPO offer price. Previously, an exception to this rule applied only to shares acquired by promoters pursuant to an approved scheme, where such shares were issued in lieu of business and invested capital that had been in existence for more than 1 (one) year prior to the approval of the scheme. Through the recent amendment, SEBI has clarified that this exception will also extend to shares contributed by specified categories of investors permitted to meet shortfalls in the MPC, namely alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions, insurance companies registered with the Insurance

Regulatory and Development Authority of India, non-individual public shareholders holding at least 5% (five per cent) of the post-offer capital, and any individual or entity forming part of the promoter group.

- v **Social stock exchange framework:** The amendment to ICDR Regulations has modified the framework for companies raising funds on a social stock exchange. The definition of not-for-profit organisations (NPOs) has been expanded to include trusts registered under the Registration Act, 1908 and charitable societies registered under the Societies Registration Act, 1860. Previously, an NPO could register on a social stock exchange without raising funds. Pursuant to the amendment, an NPO registered on a social stock exchange must raise funds through the platform within 2 (two) years from the date of registration. If the NPO does not have at least 1 (one) listed project with funds raised through the social stock exchange by the end of this period, its registration will be cancelled.

Co-investment framework for alternative investment funds (AIFs) under SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations)

On September 09, 2025, SEBI has amended AIF Regulations to permit category I and II AIFs to offer co-investment facility to accredited investors by launching a separate co-investment scheme (CIV scheme).¹⁴

- i **CIV scheme structure:** The manager of a category I or II AIF can launch a separate CIV for accredited investors to invest in a specific investee company. Each CIV Scheme must have a distinct operational structure, maintaining separate bank and demat accounts, and its assets must be ring-fenced from other schemes. Co-investments through CIV schemes cannot exceed 3 (three) times the investor's contribution in the primary AIF scheme for that investee company. However, the aforesaid restriction shall not apply to certain categories of investors, who may invest any amount in an investee company through CIV schemes. These include multilateral or bilateral development financial institutions, state industrial development corporations, and entities

14. Securities and Exchange Board of India, SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2025, dated September 09, 2025, available at https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2025_96533.html, last accessed September 30, 2025;

established, owned, or controlled by the Central Government, a State Government, or the government of a foreign country, including central banks and sovereign wealth funds.

- ii **Investment governance and regulatory compliance:** Co-investments under the CIV Scheme must be governed by a shelf placement memorandum, which outlines the terms of the investment, governance structure, and the regulatory framework. This memorandum must be filed with the board through a merchant banker before offering co-investment opportunities to investors. CIV Schemes are limited to investing in a single investee company and are prohibited from investing in AIF units.
- iii **Eligibility and investment terms:** Only accredited investors from category I or II AIFs are eligible to invest in a CIV Scheme. The co-investment terms in the CIV Scheme must not be more favourable than those in the primary AIF. Furthermore, the timing of exits from the investee company must be aligned between the AIF and the CIV Scheme.
- iv **Exit and winding up:** A CIV Scheme must be wound up once the co-investment exits the investee company, in accordance with the applicable regulations. Additionally, CIV Schemes are prohibited from borrowing funds or engaging in leverage. Any co-investment-related expenses will be shared between the AIF and CIV Scheme in proportion to their respective investments.

Revised regulatory framework for Angel Funds under AIF Regulations

On September 10, 2025, SEBI has amended AIF Regulations to introduce a revised framework for angel funds.¹⁵ Key features are as follows:

- i **Eligible investors:** Pursuant to the amendment, only accredited investors under AIF Regulations, along with key managerial personnel (KMPs) or managers of the angel fund, are permitted to invest in angel funds. For angel funds already registered with SEBI, a transition period has been provided until September 8, 2026, to fully comply with this

mandate. During this period, no more than 200 non-accredited investors may be on-boarded. Existing investors will continue under the terms of the private placement memorandum (PPM) and other fund documents. Managers of angel funds are required to ensure, at the time of on-boarding, that every new investor qualifies as an accredited investor at the time of contribution. Angel funds registered after the issuance of SEBI's circular dated September 10, 2025, are required to on-board and offer investment opportunities exclusively to accredited investors. Managers of angel funds must verify accreditation either through a valid accreditation certificate or by confirming deemed accreditation as defined under regulation 2(1)(ab).

- ii **First close requirement:** Every angel fund must on-board a minimum of 5 (five) accredited investors before declaring its first close, which will be declared within 12 (twelve) months from the date of SEBI's communication taking the PPM on record. In case the first close is not achieved within the prescribed period, the angel fund must re-file the PPM with SEBI along with a fee of USD 1132. Angel funds already registered but yet to declare their first close must do so on or before September 8, 2026.
- iii **Removal of scheme-based structure:** Angel funds are prohibited from launching schemes for soliciting funds or making investments. All investments must now be made directly from the fund itself.
- iv **Investment thresholds and lock-in period:** The amendments have liberalized investment thresholds and revised holding period requirements for Angel funds. The minimum investment per investee company has been reduced from USD 28,293 to USD 11,317 while the maximum investment limit has been enhanced from USD 1,131,727 to USD 2,828,870. Further, a lock-in period of 1 (one) year continues to apply to each investment made by an angel fund. However, the lock-in shall be reduced to 6 (six) months where the angel fund exits by selling its stake to a third party. In case of buy-back by the company or sale to the promoters, the 1(one) year lock-in remains applicable.

15. Securities and Exchange Board of India, SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2025, dated September 09, 2025, available at https://www.sebi.gov.in/legal/regulations/sep-2025/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2025_96533.html, last accessed September 30, 2025; Securities and Exchange Board of India, Revised regulatory framework for Angel Funds under AIF Regulations, dated September 10, 2025, available at https://www.sebi.gov.in/legal/circulars/sep-2025/revised-regulatory-framework-for-angel-funds-under-aif-regulations_96553.html, last accessed September 30, 2025.

Reserve Bank of India (RBI)

RBI (Pre-payment Charges on Loans) Directions, 2025

On July 2, 2025, the RBI issued the Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025, repealing previous circulars relating to pre-payment penalties. The directions will be effective on loans and advances sanctioned or renewed on or after January 1, 2026. These are applicable to commercial banks (excluding payments banks), co-operative banks, non-banking financial company (NBFCs), and all-India financial institutions, the regulated entities (REs), for loans sanctioned or renewed on or after January 1, 2026.¹⁶ Key features of the directions are:

- i **No pre-payment charges on floating rate loans and advances:** REs are prohibited from levying pre-payment charges on floating rate loans given to individuals for non-business purposes. The directions apply irrespective of the source of funds used for the pre-payment of loan, done partially or in full.
- ii **Specifics for business loans:** For loans granted to individuals and micro and small enterprises for business purposes, certain types of REs cannot levy pre-payment charges (eg. most commercial banks, NBFCs upper layer). Smaller institutions (e.g., small finance banks, regional rural banks) are also prohibited from levying pre-payment charges on business loans up to USD 56,829.
- iii **Dual/hybrid rate loans:** For loans that have a combination of fixed and floating rates, the exemption from pre-payment charges is only applicable if the loan is in the floating rate phase at the time of pre-payment.
- iv **No lock-in period:** There will be no minimum lock-in period for availing the benefit of pre-payment without charges.
- v **No retrospective charges:** Lenders are prohibited from levying any charges that were previously waived or not disclosed upfront.

- vi **Mandatory disclosure:** All applicable pre-payment charges must be clearly disclosed in the sanction letter, loan agreement, and the key facts statement, where applicable. Pre-payment charges which are not disclosed previously cannot be recovered from the borrower at a later stage.
- vii **No charges if lender initiates:** No pre-payment charges can be levied if the pre-payment is initiated by the lender.

Reserve Bank of India (Co-Lending Arrangements) Directions, 2025

On August 6, 2025, the RBI issued the Reserve Bank of India (Co-Lending Arrangements) Directions, 2025, with an aim to provide a comprehensive regulatory framework for co-lending arrangements (CLA), ensuring customer protection, operational transparency, and regulatory compliance.¹⁷ The directions shall come into force from April 1, 2026, or from any earlier date as decided by REs. The directions are applicable to commercial banks, NBFCs, and all-India financial institutions.

- i **Governance and documentation:** As per these directions, each RE under the CLA is required to maintain a minimum of 10% (ten per cent) of each loan on its books to ensure aligned interests and risk participation. The directions emphasise that each RE shall formulate its credit policies to suitably incorporate provisions relating to the CLA, including internal portfolio limits, target borrower segments, due diligence of the partner entities, customer service and grievance redressal mechanisms.
- ii **Pricing and Fees:** The directions mandate that the interest rate or any other fees/charges payable by the borrower shall be based on a 'blended rate', i.e., weighted average of individual interest rates of the REs, in proportion to their share of funding, as per their internal policies and risk profile for a comparable borrower.
- iii **Operational Controls:** The directions stipulate that the partner RE (RE which is co-lending) shall irrevocably commit to acquiring its share of the loans

16. Reserve Bank of India, Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025, dated July 02, 2025, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12878&Mode=0>, last accessed August 05, 2025.

17. Reserve Bank of India, Reserve Bank of India (Co-Lending Arrangements) Directions, 2025, dated August 06, 2025, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12888&Mode=0>, last accessed August 31, 2025.

on a back-to-back basis. Additionally, all REs are mandated to implement a business continuity plan to ensure uninterrupted service to their borrowers in the event of termination of the CLA.

- iv **Default Loss Guarantee:** The directions also outline provisions for providing default loss guarantees (DLG). The originating RE (RE which is originating the loan) may provide the DLG up to 5% (five per cent) of the outstanding loan portfolio under the CLA.

Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025

On August 6, 2025, the RBI issued the Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025, to harmonise and consolidate the guidelines on non-fund based (NFB) facilities such as guarantees, letters of credit, and co-acceptances of trade bills across all REs of the RBI.¹⁸ The directions shall come into force from April 1, 2026 or from any earlier date as decided by REs. The directions are applicable to commercial banks, co-operative banks, NBFCs, and all-India financial institutions.

- i **Guarantees:** A guarantee or a counter-guarantee issued by a RE shall be irrevocable (cannot be unilaterally cancelled by the guarantor), unconditional, ensuring there are no clauses that hinder the RE's obligation to make timely payment if the original counterparty defaults and shall contain a clear mechanism for honouring the same without demur as and when invoked.
- ii **Electronic guarantee:** When an RE issues electronic guarantee, it shall frame a standard operating procedure (SOP) aimed at minimization of manual intervention, meeting system integration requirements, ensuring technological compatibility between the RE's interface and the electronic guarantee platforms, audit and internal controls etc.
- iii **Co-acceptances:** REs may co-accept only genuine trade bills, ensuring that goods covered are actually received in the borrower's stock accounts. Proper records of co-accepted bills for each customer must be maintained for internal audit, so that the

commitments for each customer and the total commitments at a branch can be readily ascertained.

- iv **Partial credit enhancement (PCE):** PCE is a subordinated, irrevocable contingent line of credit, drawn only when there is a cash flow shortfall in servicing the bonds. It may be structured as a revolving facility at the discretion of the provider. Under the directions, the PCE permitted REs can provide PCE to bonds issued by corporates, special purpose vehicles, and large non-deposit-taking NBFCs registered with the RBI with an asset size of approximately USD 113 million and above.

Master Direction on Regulation of Payment Aggregator

On September 15, 2025, the RBI issued Master Direction on Regulation of Payment Aggregators, 2025 (Master Directions) to consolidate and harmonise the erstwhile regulatory regime applicable to domestic payment aggregators (PAs) and cross-border PAs (PA-CBs).¹⁹ The Master Directions supersede the earlier 'Guidelines on Regulation of Payment Aggregators and Payment Gateways' of 2020 and 2021 (Erstwhile PA Guidelines). Key features of the Master Direction include:

- i **Applicability:** The Master Directions apply to all bank and non-bank PAs, which includes online PAs (PA-O), physical PAs (PA-P), and cross-border PAs (PA-CB). The current framework explicitly brings Authorised Dealer (AD) banks and scheduled commercial banks (SCBs) within its scope to the extent such banks engage with PAs.
- ii **Implementation timelines:** The revised due diligence mechanism for merchant onboarding will become applicable to new merchants from January 01, 2026. For existing merchants onboarded on or before December 31, 2025, PAs have been provided with a period of 1 (one) year from the date of publication of the Master Directions to ensure full compliance in relation to operation of, and settlements from, escrow accounts. Further, PAs have also been given time till the end of the year to comply with the revised instructions in relation to operation of, and settlements from, escrow accounts.

18. Reserve Bank of India, Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025, dated August 06, 2025, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12889&Mode=0>, last accessed August 31, 2025.

19. Reserve Bank of India, Reserve Bank of India (Master Direction on Regulation of Payment Aggregator), 2025, dated September 15, 2025, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12896&Mode=0>, last accessed October 04, 2025.

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- iii **Capital requirements:** An entity seeking authorisation to commence or carry on PA business will be required to have a minimum net-worth of approximately USD 1.7 million at the time of tendering application for authorisation; and shall attain a minimum net-worth of approximately USD 2.8 million by the end of 3rd (third) financial year of grant of authorisation.
 - iv **Authorisation requirements:** The authorisation under the Master Directions is only required by non-bank PAs. The Master Directions have retained the fundamental requirements of authorisation and capital adequacy, such as compliance with prescribed norms related to form filing, obtaining no objection certification from other financial sector regulators (as applicable).
 - v **Categorisation of PAs:** The Master Directions revise the regulatory approach to PAs. It characterises a PA as an entity that facilitates aggregation of payments made by customers to merchants for the purchase of goods, services or investment products. It then consolidates and classifies PAs into 3 (three) categories: (a) PA-Ps (PA that facilitates transactions where both the acceptance device and payment instrument are physically present in close proximity while making the transaction); (b) PA-Os (PA that facilitates transactions where the acceptance device and payment instrument are not present in close proximity while making the transaction); and (c) PA-CBs (PA that facilitates aggregation of cross-border payments for current account transactions that are not prohibited).
 - vi **Know your customer (KYC) overhaul for PAs:** The Master Direction requires the mandatory use of the Central KYC Records Registry (CKYCR) for undertaking KYC of the merchants at the time of their onboarding, replacing the earlier requirement of general compliance with the KYC norms prescribed under the RBI's Master Direction on KYC.
 - vii **Ring fencing of marketplace payments:** The Master Direction explicitly requires PAs to ensure that any marketplace they onboard do not accept payments for sellers who are not separately onboarded as a seller on that marketplace's platform. In effect, PAs will be required to place

reliance on the marketplace to confirm that payments are accepted only from duly onboarded sellers.

RBI (Authentication mechanisms for digital payment transactions) Directions, 2025

On September 25, 2025, the RBI issued 'Authentication Mechanisms for Digital Payment Transactions Directions, 2025' (Directions) with the objective of strengthening security of digital payments by leveraging technological advancements beyond conventional SMS-based one-time password (OTP).²⁰ Key features include:

- i **Applicability and compliance:** The Directions apply to all payment system providers and participants, including banks and non-banks (collectively, PSPs), who are required to ensure compliance by April 01, 2026. While the obligation to comply rests with all PSPs, card issuers have a specific duty to ensure the robustness of authentication mechanisms before deployment.

The Directions cover all domestic digital payment transactions, excluding only those explicitly exempted, and currently do not extend to cross-border payments due to jurisdictional limitations. However, targeted obligations are imposed on card issuers for cross-border card-not-present (CNP) transactions, requiring the implementation of risk-based authentication by October 01, 2026.
- ii **Categories of authentication:** The Directions prescribe 3 (three) categories of authentication factors: (a) something the user has (for instance, a physical card, hardware token, SMS-based OTP); (b) something the user knows (for instance, a password or a PIN); and (c) something the user is (for instance, biometric identifiers such as fingerprints or facial recognition).
- iii **Principles of authentication:** The Directions prescribe the following 3 (three) core principles of authentication:
 - (a) **Minimum two factor authentication:** Each digital payment transaction (DP Transaction) (except those exempted) to be authenticated using at least 2 (two) different factors.

20. Reserve Bank of India, Reserve Bank of India, (Authentication mechanisms for digital payment transactions) Directions, 2025, dated September 25, 2025, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12898&Mode=0>, last accessed October 04, 2025.

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- (b) **One factor must be dynamic or proven:** For all DP Transactions (other than card-present transactions involving the physical use of a card), at least 1 (one) factor of authentication to be either dynamically generated (for example: OTP) uniquely tied to the specific transaction to prevent reuse or capable of being proven (such as biometric authentication).
- (c) **Robustness:** The Directions require that the 2 (two) factors of authentication be designed such that the reliability of one does not affect the other, thereby ensuring overall integrity and strength of the authentication process.

Arbitration

Supreme Court clarifies 'may be sought' as insufficient to form binding arbitration agreement

On July 18, 2025, the Supreme Court of India (SC) in *BGM and M-RPL-JMCT (JV) v. Eastern Coalfields Ltd*, held that arbitration agreements which use permissive language such as 'may be sought' are inadequate to form binding arbitration agreements under section 7 of the Arbitration and Conciliation Act, 1996, (Arbitration Act). The SC affirmed under section 7 and 11(6-A) of the Arbitration Act, that the referral court must perform a prima facie check to confirm existence of a valid arbitration agreement before referring matter to arbitral court. For any clause to constitute a valid arbitration agreement, it must clearly and explicitly bind the parties to refer the dispute to arbitration.

Supreme Court established mere non-signing of arbitration agreement still valid if parties otherwise consented to arbitration

On August 26, 2025, the SC in *Glencore International AG v. Shree Ganesh Metals* held that the mere absence of a signature on an arbitration agreement does not render it invalid if the parties have otherwise clearly consented to arbitration. Interpreting section 7 of the Arbitration Act, the SC clarified that an arbitration

agreement need only be in writing and may be established through emails or other written communications reflecting consensus.

Tax

Designation of IREDA bonds as 'long-term specified assets' under Income Tax Act 1961

On July 9, 2025, the Central Board of Direct Tax (CBDT) notified that bonds issued by the Indian Renewable Energy Development Agency (IREDA) now qualify as "long-term specified assets" under section 54EC of the Income Tax Act, 1961.²¹ This allows individuals or investors to claim exemption from long-term capital gains tax applicable by investing up to USD 58,824 in these bonds within 6 (six) months of a capital asset sale. The bonds must be issued on or after July 9, 2025, and have a minimum 5 (five) year lock in period.

President of India gives assent to Income-tax Act, 2025

On August 21, 2025, the President of India gave assent to the Income-tax Act, 2025, replacing the Income Tax Act, 1961.²² The Income Tax Act has been notified and will come into force from April 1, 2026. The new statute consolidates and amends income tax law to simplify compliance and reduce litigation. It dramatically slashes the number of sections from 819 (eight hundred and nineteen) to 536 (five hundred and thirty-six), and the chapters from 47 (forty-seven) to 23 (twenty-three), while introducing tables and formulas for clarity and ease of use. The aim is to modernize the tax code to better reflect current economic realities, streamline administration, and align with global best practices. Key changes include:

- i **Tax year concept:** Replaces the dual 'financial year' and 'assessment year' structure with a unified 'tax year' to eliminate confusion;
- ii **Faceless, digital first enforcement:** Introduces faceless assessments and digital first procedures to reduce human interface, increase transparency, and curb corruption;

21. Central Board of Direct Taxes, "Notification No. 73/2025 [F. No. 225/192/2023] / S.O. 3060(E)", available at <https://incometaxindia.gov.in/Communications/Notification/Notification-73-2025.pdf>, last accessed August 14, 2025.

22. Press Information Bureau, Government of India, "Key Features of Income-Tax Act, 2025," Backgrounder (Note ID 155137), posted September 3, 2025, available at <https://www.pib.gov.in/PressNoteDetails.aspx?NotelD=155137&ModuleId=3>, last accessed September 9, 2025.

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- iii **Taxpayer friendly reforms:** Introduces more robust and tax-payer friendly framework for dispute resolution.
 - iv **New inclusions:** The new act introduces new tables and formulas for clarity and ease of interpretation, along with inclusion of 16 (sixteen) new schedules.

Goods and Services Tax reforms

On September 03, 2025, the government introduced comprehensive Goods and Services Tax (GST) reform aimed at *inter alia* rationalization of the earlier 4 (four) tiered taxation structure into 2 (two) tier structure, i.e., a standard rate of 18% (eighteen per cent), and a merit rate of 5% (five per cent), along with a special de-merit rate of 40% (forty per cent) for certain goods and services.²³

A detailed analysis of the GST reforms is available at <https://induslaw.com/publications/pdf/alerts-2025/infolex-news-alert-56-gst-council-meeting-september-2025.pdf>

Others

Ministry of Corporate Affairs notified Companies (Compromises, Arrangements & Amalgamations) Amendment Rules, 2025

The Ministry of Corporate Affairs (MCA), on September 04, 2025, amended the Companies (Compromises, Arrangements and Amalgamations) Rules, widening the ambit of fast-track mergers under Section 233 of the Companies Act, 2013 which allows the permitted

classes of companies to undertake mergers (within a deemed 60 (sixty) day timeline) by having the schemes approved by the regional director (instead of the National Company Law Tribunal (NCLT)).²⁴

In addition to the following classes of companies, i.e., (i) 2 (two) or more 'small companies'²⁵; (ii) a holding company and its wholly owned subsidiary; (iii) 2 (two) or more 'startup companies'²⁶; and (iv) 1 (one) or more 'startup companies' with 1 (one) or more 'small companies', the amended CAA Rules permit fast track mergers or demergers between: (a) 2 (two) or more unlisted companies (other than section 8 companies) with debt of outstanding loans, debentures or deposits not exceeding USD 225 million; (b) a holding company and its subsidiary where the transferor is not listed; and (c) 2 (two) or more subsidiaries of the same holding company where the transferor is not listed.

Ministry of Corporate Affairs permits AGMs and EGMs to be conducted virtually

The Ministry of Corporate affairs has allowed companies to conduct their annual general meetings (AGM) and extra ordinary general meetings (EGM) through video conference (VC) or other audio visual means (OAVM), or transact items via postal ballot, until further orders, in continuation of prior circulars providing extensions time to time.²⁷ This circular does not extend statutory timelines for holding AGMs under the Companies Act, 2013, and companies failing to comply may face legal action. All other procedural requirements outlined in the earlier circulars remain unchanged, ensuring companies can continue leveraging digital platforms for meetings while adhering to the existing regulatory framework.²⁸

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- 23. Press Information Bureau, "Press Release: GST Council meeting — key reforms notified," Government of India, dated September 2025, available at <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2163555>, last accessed October 6, 2025.
 - 24. Ministry of Corporate Affairs, Notification, Gazette No. NTYzMDg2MjY0, available at <https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NTYzMDg2MjY0&docCategory=Notifications&type=open>, last accessed October 6, 2025.
 - 25. As per section 2(85), a "small company" refers to a company, other than a public company, whose paid-up share capital does not exceed INR 50 lakh or such higher amount as may be prescribed, which shall not exceed INR 10 crore, and whose turnover, as per the profit and loss account for the immediately preceding financial year, does not exceed INR 2 crore or such higher amount as may be prescribed, which shall not exceed INR 100 crore. Small company's definition excludes: (A) holding companies or subsidiary companies; (B) companies registered under section 8; and (C) companies or bodies corporate governed by any special act.
 - 26. As per Department for Promotion of Industry and Internal Trade's notification no. G.S.R. 127(E), dated, 19th February, 2019, a *start-up company* is a private limited company, partnership firm, or limited liability partnership qualifies which is less than 10 (ten) years old and has never recorded an annual turnover exceeding INR 100 crore. However, an entity will not be considered a start-up if it has been formed by splitting up or reconstructing an existing business, has completed 10 (ten) years since incorporation, or has exceeded the INR 100 crore turnover limit in any financial year.
 - 27. Ministry of Corporate Affairs, Government of India, File No. Policy-17/57/2021-CL-V-MCA, Document ID: NAGH59Yzum2Z51xEw5kyg, available at: <https://www.mca.gov.in/bin/dms/getdocument?mds=NAGH59Yzum2Z51xEw5kyg%253D%253D&type=open> (accessed on October 10, 2025).
 - 28. Ministry of Corporate Affairs, Government of India, *Clarification on Extension of Annual General Meeting (AGM) for the Financial Year Ended as at 31.03.2020 – Companies Act, 2013*, General Circular No. 28/2020, F. No. 2/4/2020-CL-V, available at: <https://www.independentdirectorsdatabank.in/img/newsletter/2020/61c1d2bbc35c2.pdf> (accessed on October 10, 2025).

Market Bulletin



Japan

Key market developments in the months of July and August 2025 included the following:

- i Osaka Prefecture and the Osaka Industrial Development Bureau have signed a strategic cooperation agreement with Mahindra Industrial Park Chennai Ltd. (MIPCL) and its 40% (forty per cent) stakeholder Sumitomo Corporation, to facilitate the entry of Osaka-based companies into India.²⁹ As part of the agreement, MIPCL and Sumitomo will support business visits, provide on-ground consultations, and participate in knowledge-sharing seminars in Osaka, while the Osaka authorities will identify and recommend companies for expansion and assist with necessary approvals to ensure a streamlined entry process.
- ii Japanese retailer, Daiso Industries has announced plans to open 200 (two hundred) new stores and begin manufacturing cotton products in India.³⁰
- iii On August 29 to 30, 2025, during the 15th (fifteenth) India–Japan Annual Summit in Tokyo, Prime Ministers, Narendra Modi and Shigeru Ishiba, unveiled a landmark investment roadmap where Japan pledged Yen 10 (ten) trillion in private sector investments in India over the next 10 (ten) years , focusing on semiconductors, artificial intelligence, clean energy, critical minerals, and high-speed rail. They also endorsed a joint vision emphasizing collaboration in security, technology, and people-to-people ties, including a commitment to facilitate 500,000 (five hundred thousand) worker and student exchanges over 5 (five) years.

29. Ministry of Corporate Affairs, *Mahindra Industrial Park, Sumitomo Corporation Sign Strategic Cooperation Agreement with Osaka Prefecture to Support Japanese Businesses Entering India*, Press Release, published July 21, 2025, available at <https://www.mahindra.com/news-room/press-release/en/mahindra-industrial-park-sumitomo-corporation-sign-strategic-cooperation-agreement-with-osaka-government-to-support-japanese-businesses-entering-india>, last accessed August 28, 2025.

30. Press Information Bureau, Government of India, Ministry of Textiles, “Union Minister of Textiles Shri Giriraj Singh Begins Official Visit to Japan and Holds Key Meetings with Japanese Textile Industry Leaders,” Press Release (ID 2144827), posted July 15, 2025, available at <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2144827>, last accessed August 25, 2025.

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